

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07

L-02 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15

AID-05 COME-00 EB-07 FRB-01 TRSE-00 XMB-04 OPIC-06

CIEP-02 LAB-04 SIL-01 OMB-01 CU-04 /112 W

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R 251949Z APR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 0566

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

UNCLAS SECTION 01 OF 02 LONDON 06295

E.O. 11652: N/A

TAGS: ELAB, UK

SUBJECT: UNEMPLOYMENT SHARPLY UPWARD

REF: LONDON A-29L

SUMMARY: CHANCELLOR OF THE EXCHEQUER DENIS HEALEY'S JEREMIAD THAT THE SINS OF EXCESS WAGES WOULD LEAD TO INCREASING UNEMPLOYMENT IS GIVEN STARK ILLUSTRATION BY THE UNCLASSIFIED

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APRIL UNEMPLOYMENT FIGURES JUST RELEASED BY THE DEPART-

MENT OF EMPLOYMENT (DE). UNEMPLOYED IN THE UK (WHICH INCLUDES NORTHERN IRELAND) IS NOW 939,767, SOME 4 PERCENT OF THE WORK FORCE, AN INCREASE OF 137,076 OVER MARCH WHEN 3.5 PERCENT OF THE LABOR FORCE WAS UNEMPLOYED. END SUMMARY.

1. WHILE IT IS TRUE THAT THE UK TOTAL IS DISTORTED BY THE LARGE NUMBER OF ADULT STUDENTS WHO REGISTERED AS UNEMPLOYED DURING THE VACATION PERIOD IN ORDER TO QUALIFY FOR SOCIAL SECURITY BENEFITS, THE UNDERLYING TREND IS STILL SHARPLY UPWARD. THUS, EXCLUDING 94,842 STUDENTS AND 21,841 SCHOOL LEAVERS, THERE WERE 823,084 PEOPLE REGISTERED AS UNEMPLOYED IN THE UK ON APRIL 14 - OR OVER 27,000 MORE THAN IN MARCH. IN GREAT BRITAIN ALONE (NORTHERN IRELAND EXCLUDED) THE UNEMPLOYED TOTAL IS NOW 899,629 OR 788,187 IF SCHOOL LEAVERS AND ADULT STUDENTS ARE EXCLUDED, WHILE AN ESTIMATED 225,000 OTHER WORKERS ARE ON SHORT TIME.

2. THE KEY FIGURE WHICH INDICATES THE UNDERLYING TREND - THE SEASONALLY ADJUSTED TOTAL EXCLUDING SCHOOL LEAVERS AND ADULT STUDENTS - IS 759,800 OR 3.3 PERCENT OF THE LABOR FORCE IN GREAT BRITAIN, THE HIGHEST TOTAL SINCE OCTOBER 1972 AND AN INCREASE OF 38,300 SINCE MARCH AND OF ABOUT 150,000 SINCE OCTOBER 1974. THE CHANGE IN THE TOTAL WHICH COULD NORMALLY BE EXPECTED AT THIS TIME OF YEAR WOULD BE A DECREASE OF ABOUT 12,000. UNFILLED VACANCIES, ANOTHER MAJOR INDICATOR OF THE STATE OF THE LABOR MARKET, DECLINED OVER THE MONTH BY 13,200 TO 176,500 IN THE UK AS A WHOLE.

3. WHILE SOME OF THE PRESS ARE USING THE MOST GRAPHIC FIGURES AVAILABLE, THROUGH THE EXPEDIENCY OF ADDING THOSE TEMPORARILY OUT OF WORK AND THUS REPORTING THAT THE JOBLESS TOTAL HAS EVEN SURPASSED THE MILLION MARK, THE MORE PRECISE STATISTICS PROVIDE LITTLE COMFORT TO THE GOVERNMENT OR THE UNIONS. SEVERAL UNION LEADERS ARE VERY DISTURBED, OF COURSE, OVER THE INCREASE IN UNEMPLOYMENT - A CONCERN THEY ALSO EXPRESSED STRONGLY WHEN THEY MET THE

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CHANCELLOR ON MONDAY APRIL 21. DAVID BASNETT, GENERAL SECRETARY OF THE LARGE GENERAL AND MUNICIPAL WORKERS' UNION, AND A LEADING TUC FIGURE, HAS REPORTEDLY STATED: "THESE FIGURES SHOW A CONSIDERABLY WORSE INCREASE IN UNEMPLOYMENT THAN THE GOVERNMENT APPEARED TO BE ANTICIPATING." ANOTHER TUC LEADER, HUGH SCANLON, WAS EVEN MORE ASCERBIC: "THESE FIGURES ARE DISAPPOINTING, ALARMING AND UNCLASSIFIED

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AN ABSOLUTE TRAGEDY."

4. SINCE TUC LEADERS ARE PLANNING A SERIES OF MEETINGS WITH LEADING MINISTERS INCLUDING HEALEY, MICHAEL FOOT AND SHIRLEY WILLIAMS ON THE IMPACT OF THE BUDGET, THE RISING UNEMPLOYMENT WILL OF COURSE SHARPEN THE DISCUSSIONS. WHILE THE CHANCELLOR HAS INDICATED TO THE TUC LEADERSHIP THAT HE WOULD TAKE MEASURES TO DEAL WITH UNEMPLOYMENT IF IT INCREASES TOO QUICKLY, HE WILL WANT TO GET A MEANINGFUL RESPONSE FROM THE TUC TO HIS POSITION THAT EXCESSIVE WAGE INCREASES HAVE CONTRIBUTED AND WILL CONTINUE TO CONTRIBUTE TO UNEMPLOYMENT UNLESS THEY ARE CHECKED. THERE IS CONSIDERABLE TENSION BETWEEN THE TUC VIEW THAT THE GOVERNMENT SHOULD DO SOMETHING ABOUT UNEMPLOYMENT AND THE GOVERNMENT'S VIEW THAT THE UNIONS MUST TAKE ACTION.

RICHARDSON

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